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Director of  
Central  
Intelligence

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## National Intelligence Daily

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JAMAICA:

IMF Program in Jeopardy

***Prime Minister Seaga's unwillingness to impose further IMF austerity measures threatens Jamaica's IMF program even as the declining economy helps opposition leader Michael Manley's political fortunes.*** [redacted]

[redacted] press reports indicate that Jamaica widely missed September targets under its \$118 million IMF program and that the Fund may not grant a waiver. Seaga, fearing a violent public reaction, told the IMF that he would not institute price hikes for food and petroleum or other belt-tightening required under the program. Instead, he wants to try to limit consumer imports to strengthen Jamaica's finances. [redacted]

Seaga expects the economy to contract 6 percent in the fiscal year ending March 1986. Despite recent debt reschedulings by the Paris and London clubs of creditors, Jamaica's foreign financial gap for the next fiscal year will reach \$200 million. [redacted]

[redacted] Recent polls show that Jamaica's economic troubles have increased popular support for Manley's People's National Party. According to the polls, the party would win easily if an election were called today. [redacted]

**Comment:** Jamaica's grim economic outlook and insistence by donors and creditors on a valid IMF program as a prerequisite to new funds, give Seaga little choice but to begin negotiations for a new program should the current accord collapse. The talks are likely to be protracted, but, even if he secures another accord quickly, low world demand—particularly for bauxite/alumina, Jamaica's primary export—will limit economic recovery. [redacted]

Regardless of the outcome of IMF talks, the weakening economy is likely to continue to diminish Seaga's popularity, significantly aid Manley's efforts to force early elections, and further alienate the influential business community. Unless widespread social unrest develops, however, Seaga is unlikely to hold national elections soon. Security forces, although hurt by austerity, probably are capable of handling any sporadic violence. [redacted]

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CUBA-  
LATIN AMERICA:

#### Demonstrations Fizzle

*Havana's effort this week to organize an international day of protest in Latin America against foreign debt proved to be an embarrassing failure for the regime.*

[redacted] the Communist-organized demonstration on Wednesday in the capital was crippled by poor weather and an agreement with the government by some unions not to participate. Peru's protest march also drew a small crowd and was largely ignored in the press, [redacted]

[redacted] No significant demonstrations took place elsewhere in Latin America. [redacted]

In Cuba, workers expressed support for a debt moratorium by staging a nationwide work stoppage of 10 minutes. [redacted]

**Comment:** The poor turnouts are a setback for Castro, in view of his highly publicized efforts to take the lead on the issue by sponsoring numerous international conferences on debt and by pressing the issue in international forums. Even before the day of protests, Castro took heavy criticism from other Latin American statesmen for his radical position, and he failed to secure support for a plan to combat IMF policies. [redacted]

Despite Cuba's own serious domestic economic problems, Havana spent scarce resources to finance attendance at the Cuban-sponsored conferences and to ensure public protests in Latin American countries, with little success. [redacted]

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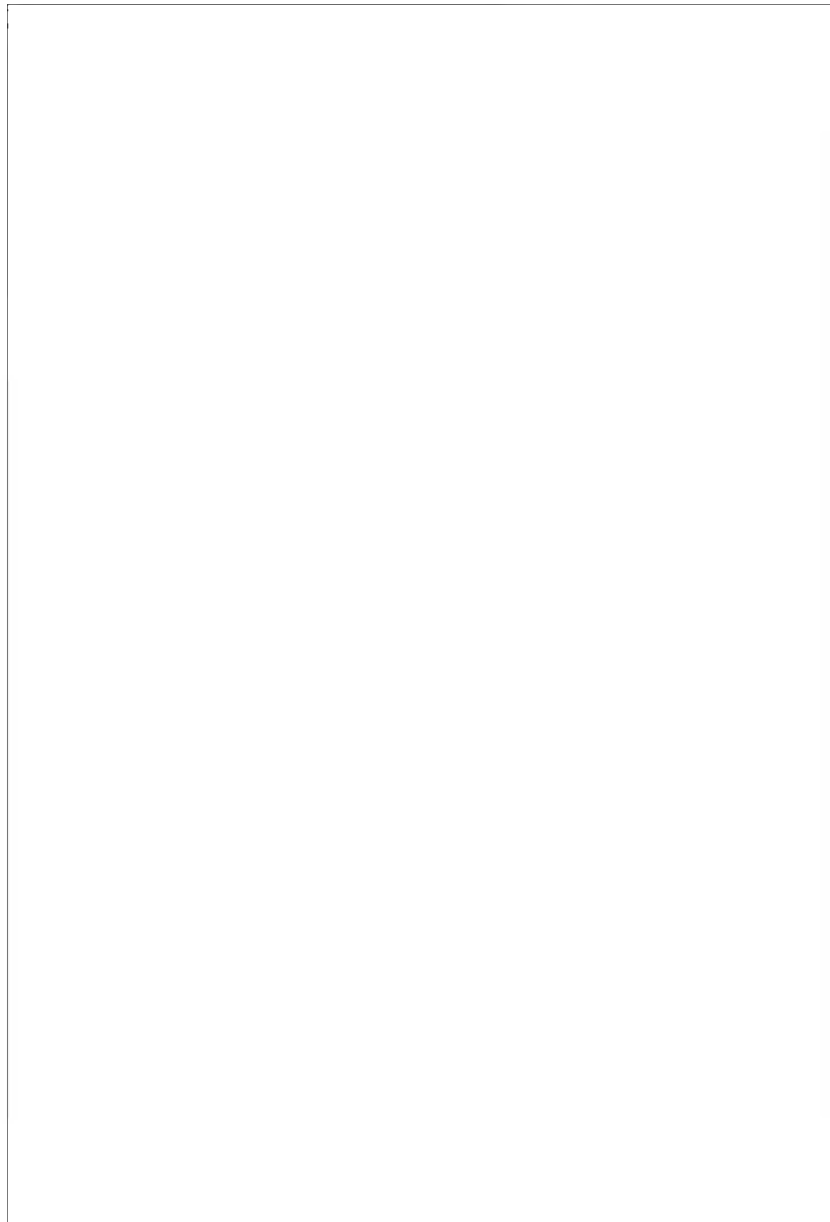
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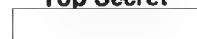
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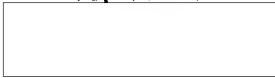
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#### PAKISTAN: Civil Unrest

Continued disturbances in Lahore and the threat of new opposition activity may portend increasing trouble for the martial law regime as Pakistan moves toward civilian rule. Doctors in Lahore are violently protesting the Punjab provincial government's decision to allot scarce jobs in public hospitals using a test that questions physicians on Islam and other nonmedical subjects. Rival student factions there have clashed over the death of a student leader. The government has arrested opposition politicians in Lahore and Karachi to forestall meetings protesting recent constitutional reforms that grant immunity to martial law administrators and the continued detention of opposition leader Benazir Bhutto.

**Comment:** Provincial authorities have been unable to resolve the protests of the doctors in Lahore—the opinion maker for Pakistan's most influential province. The unrest may develop into a wider protest against government actions—including Islamization and the constitutional changes—particularly if the volatile student population joins in. President Zia almost certainly is worried that such disturbances will disrupt the transition to civilian government, and he is likely to intervene to calm the situation when he returns to Pakistan this weekend.

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#### **EGYPT: Calming the Domestic Mood**

Cairo is continuing efforts to reduce domestic tensions caused by the US interception of an Egyptian plane, but it will take time for public resentment to cool. [redacted] Egyptian officials choose to view the statement made in Cairo this week by the US Deputy Secretary of State as the "equivalent of an apology" and believe the crisis is over. Egypt's Information Minister has told the press to soften attacks on the US, but opposition papers are still taking a strident line. Only minor anti-US incidents have been reported since riots last Saturday. [redacted]

**Comment:** President Mubarak's trip to Jordan Thursday in part was probably an attempt to show strong leadership and to refocus Egyptian public attention on the peace process. Nevertheless, opposition leaders and Islamic fundamentalists will probably continue their attacks on Mubarak's close cooperation with the US, and the potential for anti-US outbursts remains high. [redacted]

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President Houphouet-Boigny



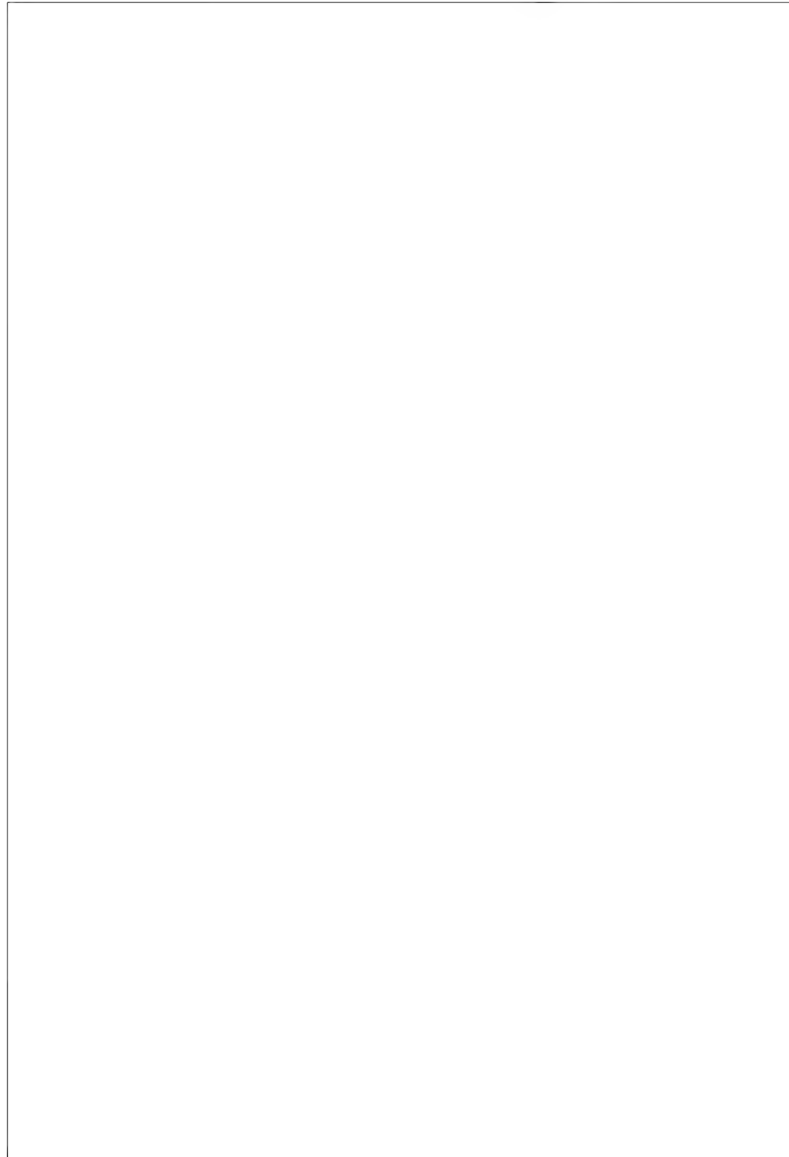
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**USSR: Sending Signals on Jewish Emigration**

The chart entitled "USSR: Jewish Emigration in 1985" that appeared in the *Daily* on 25 October should have read "Visas Issued," not "Thousands of Visas Issued."

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### In Brief

#### Africa

- **South African** security forces have detained over 50 nonwhites in crackdown in Cape Town . . . ANC probably responsible for bombing of polling station for coming byelections in Durban.
- Former **Sudanese** Vice President Tayyib, others go on trial for treason today for role in airlift of Ethiopian Jews last year . . . US involvement an issue . . . anti-US demonstrations possible
- **Tanzanian** presidential elections to be held Sunday . . . sole candidate Vice President Mwinyi expected to receive large vote despite lackluster reputation . . . first change of leadership since President Nyerere led country to independence in 1961.
- SWAPO guerrillas probably responsible for bombing gas station in **Namibia's** eastern Caprivi Strip earlier this week . . . first guerrilla attack in region in several years . . . heightens Zambian fear of possible cross-border retaliation by **South Africa**.

#### Americas

- President Suazo failed in latest legislative maneuver to postpone **Honduran** election scheduled for 24 November . . . wants to extend own term for two years . . . armed forces taking active role in blocking effort.

#### South Asia

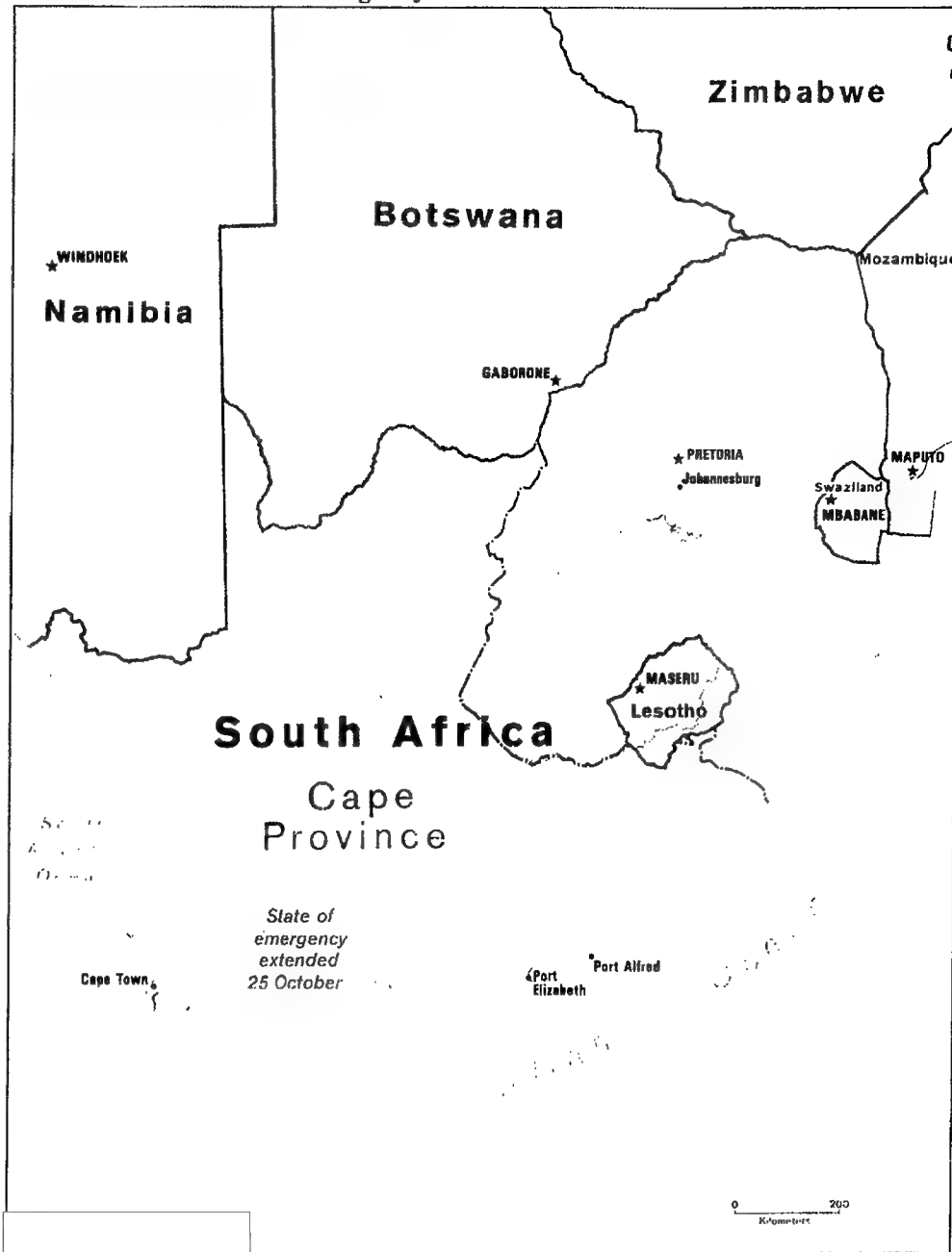
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Areas Under State of Emergency



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### Special Analysis

#### SOUTH AFRICA: White Concerns Growing

*The unrest of the past 14 months has started to affect the white community directly. If the violence continues to intensify and involves more white civilians, as is likely, the government probably will respond with a show of force that will further swell the ranks of urban blacks unwilling to settle for Pretoria's offers of limited reform. Yesterday, President Botha extended the three-month-long state of emergency to cover the major towns of Cape Province.*

During the past year, most of the violence has occurred in areas well away from whites. Government-controlled television newscasts have not given the full picture of the unrest that has claimed almost 800 lives. Government warnings or lack of reader interest also led some white newspapers to play down the unrest until recently.

Many whites had a rude awakening as the violence spilled recently into white business and residential areas. White pedestrians, as well as white-owned cars and shops, have been attacked at random in downtown Johannesburg and Cape Town. Nonwhite militants appear to be responding in kind to the arbitrary violence that increasingly has characterized security operations.

Whites undoubtedly are concerned as well by the rising casualties among white security personnel as nonwhite mobs and individuals increasingly use knives, guns, and grenades. Arson attacks, usually carried out with gasoline bombs, also are spreading in white and nonwhite areas.

#### White Reactions

Pretoria has tried to curb whites who have sought their own solutions to the unrest. The government recently blocked efforts by liberal white students and clerics to follow the example of progressive white politicians, businessmen, journalists, and academics who have held talks with African National Congress officials in Zambia this year. Police have harassed both blacks and whites in at least one community—Port Alfred in Cape Province—for successfully negotiating a fragile modus vivendi apparently without Pretoria's approval.

According to press reports, many whites are leaving the country to escape the violence, the ailing economy, or the draft—the latter especially because resident foreigners can be conscripted under a

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law introduced late last year. Foreign firms are actively recruiting professionals for positions abroad. The magnitude of this trend is not yet known; government statistics indicate more people immigrated to South Africa than left the country in the first quarter of the year. Most whites, moreover, lack the skills or means—especially given the current low value of the South African rand—to settle in another country without a major reduction in their standard of living [redacted]

White vigilante attacks are likely to become more common. The white populace has long been heavily armed, and gun dealers are reporting strong sales. Already there have been scattered incidents involving white civilians firing on nonwhite looters, attackers, or passers-by. [redacted]

#### Outlook

Black anger has risen to a point where present security measures are unlikely to stifle the unrest. Attacks against whites will continue and perhaps increase. At some point the government is likely to respond to rising white concerns—either overnight or step by step—with more repressive and extreme measures to squelch the violence. [redacted]

If Pretoria uses unbridled force to stop the unrest, its limited reforms will have far less chance of calming black anger over the long term. There are already signs that its iron-fist approach has done irreparable damage to its relations with nonwhites. [redacted]

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### Special Analysis

**BRAZIL:**

#### **Sarney Administration Performing Well**

***President Sarney in his first six months in office has guided Brazil through a smooth transition to civilian government following 20 years of military rule. No longer regarded as a stand-in for the late President-elect Neves, Sarney is now setting his own policy course and apparently beginning to install his cabinet choices. His major challenges in the coming year probably will be rising inflation and a huge burden of foreign debt, but they are unlikely to undermine the fledgling democratic process.***

Sarney has improved his political standing and kept his opponents off balance by taking on popular issues; he has instituted direct presidential elections, legalized banned political parties, and publicly condemned austerity measures prescribed by the IMF. His moves have preempted prominent leftist politicians, particularly Governor Brizola of Rio de Janeiro, who has refrained from attacking Sarney yet remains a focal point for potential opposition.

The administration has successfully controlled labor so far through negotiations and moderate increases in real wages. The two major labor confederations, however, have agreed to cooperate in bargaining with employers and may launch a general strike in early November to demand additional concessions.

The armed forces solidly back the President. Sarney has avoided the kind of military opposition surfacing in Argentina by forgoing drastic cuts in the military budget and vowing to limit investigations into past abuses of human rights. He has brokered compromises between Congress and the armed forces on sensitive military-related legislation.

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The relaxation of fiscal and monetary policies has contributed to a resurgence of domestic demand, helped economic growth reach 6 percent, and improved living standards this year. But at the same time the policies are raising borrowing requirements in the public sector and domestic credit as a percentage of GNP to record levels. Government price controls have been only partially effective; inflation this year probably will substantially exceed last year's rate of 210 percent.

#### Problems Ahead

Brasilia probably will face growing economic disorder early next year, when inflation is likely to surge following expected easing of price controls. A sharp jump in prices probably will damp the confidence of domestic business and further sour relations with foreign creditors. At worst, a substantial contraction of exports would render Brazil unable to meet its debt-servicing obligations.

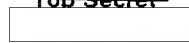
The President will retain sufficient political support to stay in office over the next year, even with recurring economic difficulties. Brizola and other leftists favor a direct presidential election in 1986, but the military and most civilian political groups would be reluctant to remove Sarney before the constituent assembly scheduled to convene in early 1987.

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